

**IN THE CIRCUIT COURT OF OHIO COUNTY, WEST VIRGINIA**

**MICHAEL MIHALYO**

**Plaintiff,**

v.

**WHEELING JESUIT UNIVERSITY INC.,  
nka WHEELING UNIVERSITY, BOARD  
OF TRUSTEES OF WHEELING JESUIT  
UNIVERSITY, DIOCESE OF WHEELING  
CHARLESTON, DIOCESAN REALTY INC.,  
MONSIGNOR KEVIN QUIRK,  
BISHOP MICHAEL BRANSFIELD,  
BISHOP MARK BRENNAN,  
ARCHBISHOP WILLIAM E. LORI,  
GINNY FAVEDE, Dr. EDWARD SHAHADY,  
and JOHN DOE,**

**CIVIL ACTION NO. 19-C-253**

**JUDGE Olejasz**

**Defendants.**

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**COMPLAINT**

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NOW COMES the Plaintiff Michael Mihalyo, by and through his counsel Teresa C. Toriseva, Esq., Joshua D. Miller, Esq., and Toriseva Law for his Complaint against the Defendants does so state and allege the following:

**The Parties**

1. Plaintiff Michael Mihalyo is an adult resident of Ohio County, West Virginia.
2. Defendant Wheeling Jesuit University, Inc. aka Wheeling University, Inc. is an organization created pursuant to the laws of the State of West Virginia and is registered as a domestic corporation with the West Virginia Secretary of State. Its principle place of business is in Ohio County, West Virginia. According to the WV Secretary of State, Wheeling Jesuit University registered a new tradename, Wheeling University, Inc., on July 22, 2019;
3. The Board of Trustees of Wheeling Jesuit University is an organization created by the bylaws of Wheeling Jesuit University and serves in a management capacity with a fiduciary duty to

the University, its students and employees. Its principal place of business is in Ohio County, West Virginia;

4. The Diocese of Wheeling-Charleston, West Virginia is a religious organization with its principal place of business in Ohio County, West Virginia;
5. Upon information and belief, Defendant Monsignor Kevin Quirk at all relevant times was an agent of the Diocese of Wheeling-Charleston, West Virginia. He is the former Chairman of the Board of Trustees of Wheeling Jesuit University and served as the diocesan representative to that Board pursuant to the bylaws. Monsignor Quirk was also the Chair of the Wheeling Hospital Board of Trustees and was a Director of Diocesan Real Estate Inc. (Monsignor Quirk was a resident of Ohio County, West Virginia but presently his whereabouts are unknown at this time, however it is assumed he has been assigned to a parish somewhere in the Diocese of Wheeling-Charleston;
6. Bishop Michael Bransfield was the Bishop of the Diocese of Wheeling-Charleston, West Virginia. During that time, he was also the Sole Member of the Wheeling Jesuit Board of Trustees pursuant to its bylaws;
7. Bishop Mark Brennan is the current Bishop of the Diocese of Wheeling-Charleston, West Virginia he is the Sole Member of the Wheeling Jesuit Board of Trustees pursuant to its bylaws;
8. Archbishop William E. Lori is the Archbishop of Baltimore. Following Bransfield's resignation, Lori led an investigation into his financial improprieties. Plaintiff alerted Lori of the financial improprieties at Wheeling Jesuit University and requested assistance from him;

9. Wheeling Hospital, Inc. is a West Virginia Corporation with its principle place of business in Ohio County, West Virginia. Wheeling Hospital is affiliated with and controlled by the Diocese of Wheeling Charleston, West Virginia;
10. Diocesan Real Estate Inc. is a West Virginia Corporation with its principle place of business in Ohio County, West Virginia. According to the West Virginia Secretary of State, the following are Directors of the corporation: Archbishop William E. Lori, Monsignor Kevin Quirk, and possibly Bishop Mark Brennan. The company was incorporated by Bishop Bransfield. Its current president is Archbishop Lori. Its Vice Presidents are Monsignor Quirk and Ron Violi, former CEO of Wheeling Hospital. Upon information and belief Diocesan real estate Inc. is a 501(c)(3) entity established to purchase the real estate owned by University and lease it back to University;
11. Dr. Edward Shahady is a physician and a member of the Wheeling Jesuit University Board of Trustees;
12. Ginny Favede is a member of the Wheeling Jesuit University Board of Trustees and is currently the Chair of the Wheeling University Board of Trustees. She is the current de facto President of the University after placing Plaintiff on administrative leave. Favede is a resident of Belmont County, Ohio;

**Jurisdiction and Venue**

13. The minimal jurisdictional amount for this filing is satisfied.
14. Venue is proper in this Court pursuant to W.Va. Code §56-1-1 *et seq.* in that all material acts described herein arose in Ohio County, West Virginia.
15. All claims herein are brought and intended to be brought only under West Virginia statute and/or applicable common law.

### **Facts**

16. Plaintiff was the Provost and Vice President of Academic Affairs at Rockford University in Rockford, Illinois when he inquired as to how to apply for the position of President of Wheeling Jesuit University;
17. Plaintiff went through the interview process and at no time did any Defendant provide the Plaintiff with a truthful account of the extent of the University's financial troubles.
18. Plaintiff was ultimately selected by Defendants Diocese of Wheeling Charleston, West Virginia, the Wheeling Jesuit Board of Trustees, and Wheeling Jesuit University to serve as the next President of the University;
19. Plaintiff became President August 13, 2018 and replaced Dr. Debra Townsley who had served as interim president from January 2017 to July 15, 2018. Prior to Townsley, Rev James J Flemming served as President from July 1, 2013 through January 3, 2017.
20. Plaintiff was presented with a written contract.
21. Prior to the Plaintiff ever being recruited for position of President, the financial condition of the University was horrific with actions of the Defendants Board of Trustees, Wheeling Jesuit University, Diocese of Wheeling-Charleston, Rev. Fleming and other board members, prior administrators, created and perpetuated an unsustainable financial position for at least the past ten years. For example, but not to be limited to, the following facts came to light only after Dr. Mihalyo accepted the his new position:
  - a. From 2014-2018 the number of enrolled students decreased by 27% while the scholarship discount allowances trended upwards to 41.7% During this time net tuition and fees only covered an average of 55% of total expenditures, making the

University increasingly dependent on federal and private grants and investment income.

- b. From 2014-2018 grants decreased by 82%
- c. From June 30, 2014 to June 20, 2018 there was a decrease in the change of net assets from operations of 1.4 million.

22. Defendants Wheeling Jesuit University, Board of Trustees of Wheeling Jesuit University, the individually named members of the Board of Trustees, the Diocese of Wheeling Charleston, West Virginia, and other University administrators were advised of the poor financial condition in 2016 by Deloitte and Touche, a multinational professional services network;

23. Rather than take steps to improve the financial health of the university, the aforementioned Defendants engaged in a calculated and systematic campaign of misappropriation, misdirection, and fraud to conceal the true financial state of this failing university.

24. Upon information and belief, the Defendants engaged in the following action as part of their campaign to disguise the true financial state of the university:

- a. Defendants repeatedly used restricted funds for unrestricted purposes and engaged in other inappropriate financial transactions for the purpose of deceiving its regulatory agencies;
- b. Prior to his death, Senator Robert Byrd secured and distributed approximately 11.7 million dollars to the University, and the University obtained additional federal grants to fund the Challenger Center. After an audit of the grants the University was required to repay 2.3 million to the federal government as a result of the University misusing federal funds from 2003-2010.

- c. Defendants gave unsustainable discounts to students, awarding a discount rate of 72% amounting to twenty eight cents on the dollar with the intent to give the appearance of a large student body and financially viable organization;
- d. On April 12, 2017, the Defendant Board of trustees and individually, named Defendant Board of Trustee members, then serving on the Board, voted to transfer all University property to the Defendant Diocesan Real Estate Inc. in exchange for the Defendant Diocese of Wheeling-Charleston and Defendant Wheeling Hospital, Inc. issued a combined \$43,398,006.00 to fund the redemption of University bonds, pay accrued interest on bonds, pay down the line of credit, and provide operating expense funds of \$2,731,006.00. This transaction has been referred to as a “bailout.” This “bailout” teems with conflicts of interest, self-dealing, and an overwhelming lack of transparency.
- e. Under previous administrations, but with many of the same board members, the University took out loans it could not repay, used restricted endowment funds for operating expenses, and made significant decisions impacting the University for years to come, while operating with numerous ongoing potential conflicts of interest relating to governance of the University.
- f. Defendant Board, concerned about its composite score from the Department of Education, and in an attempt to increase the University rating score, approved the movement of assets from one fund to another
- g. Restricted cash was often used for day to day operations;

h. A loan of at least 6 million was taken out against the total amount of the endowment funds of approximately 13 million without viable plans as to how or when it was to be repaid.

25. Within the first seven months of employment, Plaintiff uncovered some of the aforementioned financial anomalies and also discovered that various financial accounts had true balances below what the University had reported, that the University had transferred all real property assets to the Diocese, and discovered the aforementioned unsustainable discounts offered to incoming and previously admitted students;

26. Upon the discovery of these fraudulent and illegal financial activities, the Plaintiff proactively engaged an outside accounting firm to conduct an audit. This accounting firm reported that over the past decade, the Defendants had engaged in multiple inappropriate financial transactions jeopardizing and destroying the financial viability of the University.

27. Upon information and belief, the activities found by the outside auditing firm were perpetrated by the Defendants to deceive the accreditation authorities into continued accreditation.

28. Plaintiff's diligence to gain a true financial picture resulted in praise by University outside counsel which complimented Plaintiff's proactive and transparent work to uncover the financial discrepancies.

29. As a result of the true financial state of the University, on March 8, 2019, Defendant Board voted to implement "financial exigency" resulting in the termination of tenured and non-tenured faculty and members of the administrative staff, the elimination of academic programs, and renegotiation of contracts with vendors because Defendant University likely would be unable to pay its bills and support the institution's operational expenses;

30. This exigency vote did result in the elimination of several academic majors and the elimination of a number of faculty positions.
31. Plaintiff, in his role as President, hired Saul Ewing Arnstein & Lehr and FTI Consultants, a forensic accounting firm, to review financial, governance, and management actions which led to the exigency crisis and to enact new controls to prevent reoccurrence.
32. FTI Consultants discovered and reported additional troubling facts relating to the operation of the University and misuse of donor funds.
  - a. FTI confirmed that private donor funds had been used in ways other than they had been intended. As a result of FTI's investigation a donor demanded the liquidation of its endowment due to financial mismanagement and has since severed ties with the University;
  - b. After substantiating donor complaints, FTI selected a sample of 22 endowment funds representing approximately 26% of the total University endowment funds balance to perform a variety of accounting reviews. One such review compared the amount of money withdrawn from endowments to the amount of the actual endowed scholarships; this review determined that endowment withdrawals exceeded the scholarships by \$943,264.00. Before FTI was able to reconcile this overdraw, their services were terminated.
33. The FTI audit demonstrates that the Board failed to properly manage endowment funds, used funds for expenditures other than they were intended and used endowment funds for operating expenses.
34. In light of the findings of the outside auditor, Plaintiff, in his role as President continued to be required to meet with various donors and "self-report" on behalf of the University relating

to the misappropriation of donor funds, including for purposes other than what the donors intended and/or the outright disappearance of these funds.

35. Plaintiff's University counsel also reported the findings to the office of the West Virginia Attorney General and to the various accreditation organizations to which the University was subject.
36. During the spring/summer of 2019 the financial situation of the University became so dire that its workers' compensation carrier refused to renew the University policy;
37. Upon information and belief, the University began the 2019/2020 academic year without funds to sustain the entire year.
38. Plaintiff, as president, was unable to determine the true liquidity of the University as he received conflicting financial reports almost daily from University officials.

#### **COUNT I: UNCONSCIONABILITY-DEFENDANT BOARD**

39. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 38 as if repeated verbatim herein;
40. Defendant University and/or Board drafted Plaintiff's employment contract such that its terms and conditions should be construed against it as a matter of contract law;
41. The contract is unconscionable in that it contains an arbitration clause but limits the amount of damages Plaintiff may recover, both in terms of type and amount of damages allowable. This limit on type and amount of damages is contrary to what the Plaintiff would otherwise be permitted to recover under the laws of the State of West Virginia;
42. The contract contains a mediation clause, but the Defendant University/Board denies Plaintiff the opportunity to engage with a neutral mediator as Plaintiff's contract requires the use of

out of state lawyers chosen by the Defendant despite their lack of training, education, or experience with West Virginia law;

43. Any and all provisions in Plaintiff's contract relating to arbitration, mediation, and limits on damages are unconscionable and should be stricken from the contract;

**COUNT II: FRAUDULENT INDUCEMENT**

44. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 43 as if repeated verbatim herein;
45. During the Plaintiff's interview for the position of President, the Defendants misrepresented the true financial state of the University in an attempt to induce the Plaintiff to enter a contractual employment relationship with the University and accept the position of President;
46. Defendants told Plaintiff that the University had recovered from its financial problems and was becoming a financially stable institution;
47. Throughout the application and interview process, Plaintiff made direct, specific, inquiries of individual Board members, including but not limited to Monsignor Quirk, as to the financial status and viability of the University;
48. Instead of getting truthful replies to his inquiries, Plaintiff was told by Quirk and other that the University's financial crisis was over, that the Diocese had "bailed out" the University, that if he was to take the job as President, his time as President would be a time for "healing" and recovery from the University's prior poor and unstable financial position.
49. The Defendants specifically omitted the following information from Plaintiff's inquiries as a way to further conceal and misrepresent the true financial problems of the University:
  - a. The "bailout" was in actuality a transfer of all University assets of any value to the Diocesan Realty Corp., owned by the Diocese and Wheeling Hospital;

- b. Despite this “bailout”, the University was budgeted to continue with massive deficit spending with no reasonable expectation that this deficit spending would change in the immediate future;
- c. This transfer of assets occurred in exchange for the University being relieved of debt payments;
- d. There was no viable plan between the Board, the University, the Diocese, or Wheeling Hospital for the University to become self-sufficient or for the University to even reduce the level of annual deficit spending beyond continuing to spend away a line of credit;
- e. That the University spent substantially more money than it brought in and many, if not all of the University budgets continued to show massive amount of debt spending as the University spent more than it brought in;
- f. The actual rate charged to students for attending the University was near 28% of the actual tuition cost;
- g. That the University had not continued to follow through with various plans for re-accreditation;

50. Defendants knew or should have known that the Plaintiff was relying upon statements made and information provided by the Defendant when deciding whether or not to enter into the contract.

51. If Defendants had provided Plaintiff a truthful account of the financial situation of the University, Plaintiff would not have entered into a contractual relationship with the University nor would he have left his employment at Rockford University.

52. Defendants were negligent in their representation of the financial state of the University insofar as Defendant intentionally misrepresented and lied about the financial situation confronting the University for the specific purpose of inducing the Plaintiff to enter into the contract;

53. Despite the Defendants' knowledge that the University did not have the fiscal resources to get through the upcoming school year, the Defendant offered Plaintiff and actually entered into a three year contract with Plaintiff;

54. As a direct and proximate result of the fraud perpetrated by the Defendants, the Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame, embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

### **COUNT III- INVASION OF PRIVACY**

55. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 54 as if repeated verbatim herein;

56. Plaintiff suffered a medical event, a cerebrovascular event, requiring emergency medical treatment and a short hospitalization;

57. At no time did Plaintiff authorize the disclosure of his medical condition to the University Alumni or general public;

58. Defendant Shahady, despite his career as a licensed physician fully aware of Plaintiff's right to privacy and other Board members, disclosed Plaintiff's confidential medical condition to others who had no need to know;

59. Upon information and belief, Shahady went so far as to announce details related to Plaintiff's health at various speaking engagements throughout the University's alumni weekend.

60. As a direct and proximate result of the breach of Plaintiff's privacy by the Defendants, the Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame, embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

#### **COUNT IV- RETALIATION**

61. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 60 as if repeated verbatim herein;
62. Plaintiff Mihalyo, Saul Ewing, and the outside auditing company all reported to the Board the results of the investigation that Plaintiff initiated regarding the handling of finances;
63. This reported included the following findings:
  - a. The university's financial records have an error rate far too high to be considered mere accident or unintentional error;
  - b. Donors and trust holders had been issued documents reporting on the financial status of donation/trust that was inconsistent with the University's other financial records and inconsistent with the truth;
  - c. Data given to regulatory agencies had been manipulated to conceal the true financial state of the University for the purpose of obtaining a higher ratio;
  - d. Large sums of money were unaccounted for;
  - e. Deloitte and Touche, another accounting firm engaged prior to Plaintiff's employment had warned the Board regarding its financial practices and warned the University that if it failed to act the University would be insolvent;
  - f. Board meeting minutes described incidents where the Board voted to use "restricted funds" for "unrestricted purposes";

- g. That the Board had spent donor and trust funds on items not specified by or inconsistent with donor and trust directives;

64. As a result of this investigation, Plaintiff informed the Board that the University must self-report these violations.

65. Some self-reporting occurred including but not limited to, the filing of a formal complaint with the HLC, informing the WVHEPC and the HLC of the financial findings and manipulation of data for the purpose of achieving a higher accreditation score, informing some donors and notifying the West Virginia Attorney General's Office.

66. Despite the urging of the Plaintiff, no self-reporting occurred to the federal government, the NCAA, or remaining donors/trust holders;

67. Plaintiff, through his delegates in the University Financial Department, submitted budgets and updated budgets throughout the Spring and Summer of 2019 demonstrating that the University would be insolvent by December 2019; although the actual date of insolvency would change frequently;

68. Plaintiff repeatedly reached out to Archbishop Lori for additional funding for the University and was denied;

69. Other than obtaining a large "donation" from the Diocese, the Board had no other proposals as to how to secure funding;

70. The outside auditing company was not retained to further investigate the missing funds and its services were concluded.

71. After providing advice and counsel following the investigation, the legal services of Saul Ewing, Arnstein, & Lehr were terminated;

72. Plaintiff was then instructed by Defendant Favede, under the guise of board action, that he was no longer permitted to meet with any regulatory agencies without the presence of at least one board member and legal counsel;

73. As direct retaliation for Plaintiff's investigation and self-reporting, the Board placed the Plaintiff on administrative leave shortly before he was to meet with the HEPC for reauthorization;

74. As direct retaliation for Plaintiff's investigation and self-reporting, the Board banned him from campus;

75. As direct retaliation for Plaintiff's investigation and self-reporting, the Board shut off Plaintiff's access to his University email account.

76. The Board further retaliated against the Plaintiff instructing him not to communicate with other University employees and reminded him that he was not to meet with any regulatory agencies without at least one board member and legal counsel present;

77. As a direct and proximate result of Defendants' retaliation, the Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame, embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

**COUNT V: PROMISSORY ESTOPPEL**

78. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 77 as if repeated verbatim herein;

79. In its efforts to convince Plaintiff Mihalyo to his current employment and agree to become the President of Wheeling Jesuit, the Defendant Board made a proposal to pay Plaintiff wages and benefits for a period of at least three years, expiring on August 15, 2021;

80. The Board made such promises knowing Plaintiff would reasonably rely on the same, and for the purpose of inducing Plaintiff to resign from his current employment and accept employment as President of the University per terms of a written contract;
81. Plaintiff actually relied upon the promise and did resign his previous employment, move to Wheeling, West Virginia, and accept the position of President of the University all to his detriment;
82. Even though the contract is unenforceable as it is unconscionable and Plaintiff was fraudulently induced to enter into it, the Court should enforce the promise to pay wages and benefits through August 15, 2021 so as to avoid further injustice.

#### **COUNT VI- PRETEXT**

83. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 82 as if repeated verbatim herein;
84. Upon information and belief, the University, the Board, and individual Board members claim that two internal complaints were made somehow implicating Plaintiff of wrongdoing;
85. The standard procedures of the University when dealing with internal complaints require a reasonably prompt and efficient investigation, which include, at a minimum, the following:
  - a. Upon receipt of written or verbal complaints, the University shall secure potential corroborating evidence in the form of witnesses, documents, etc.;
  - b. Interview of witnesses, collection of written statement and documents;
  - c. Interview of the alleged perpetrator including identification of potential corroborating evidence in the form of witnesses, documents, or others;
  - d. Rendering of a conclusion as to what did or did not happen and a review determining whether or not any policy or procedure has been violated;

- e. A decision as to whether or not disciplinary action is warranted and is so what form of disciplinary action;

86. The University retained the law firm of Eckert Seamans to conduct the investigation into these complaints.

87. Contrary to the standards and procedures of the University as they relate to investigating complaints the Plaintiff was placed on administrative leave without being interviewed, informed of the charges in the complaint, or provided any opportunity to refute the allegations by identifying corroborating evidence;

88. Despite Plaintiff's offers to be interviewed, the Defendant never interviewed Plaintiff regarding the alleged complaints;

89. Upon information and belief, Eckert Seamans concluded its investigation of the complaints and provided the findings to the board.

90. Upon further information and belief, Eckert Seamans' report does not find that Plaintiff violated any policies or procedures and the report does not recommend any discipline or termination relating to Plaintiff's employment by the University.

91. This investigation has not been reasonable or prompt, nor has it conformed to the protocols in place at the University as they apply to the investigation of internal complaints;

92. These internal complaints and the subsequent investigation are nothing more than pretext to cover up the true intention of the University and the Board to retaliate further against the Plaintiff;

93. As a direct and proximate result of the actions perpetrated by the Defendants the Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame,

embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

#### **COUNT VII- INVASION OF PRIVACY AND FALSE LIGHT**

94. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 93 as if repeated verbatim herein;

95. Defendants have publicized private matters for the purpose of portraying Plaintiff in a false light and causing harm to his reputation, including, but not limited to:

- a. falsely accusing Plaintiff of wrongdoing;
- b. telling others who have no reason to know of allegations contained in internal complaints;
- c. releasing press reports stating Plaintiff was placed on administrative leave;
- d. discussing and commenting on Plaintiff's confidential medical condition(s).

96. As a direct and proximate result of the breach of privacy perpetrated by the Defendants the Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame, embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

#### **COUNT VIII- BREACH OF CONTRACT**

97. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 96 as if repeated verbatim herein;

98. Plaintiff has a current contract with the University guaranteeing him three years pay and benefits;

99. Plaintiff's contract with the University names him President of the same and confers upon him the rights and duties that come with that position.

100. The Board has denied Plaintiff rights and privileges of his position by placing him on administrative leave for pretextual reasons, banning him from campus, shutting down his University email account, prohibiting him from speaking to any University employees and prohibiting him from discussing any University business with any regulatory agency unless done so in the presence of a board member and University legal counsel;

101. As a direct and proximate result of the actions of the Defendants the Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame, embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

#### **COUNT IX- CIVIL CONSPIRACY**

102. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 101 as if repeated verbatim herein;

103. Defendants willingly and knowingly conspired to cover up the true financial state of the University.

104. Pursuant to the policies and procedures concerning membership and duties of the University Board of Trustees, at least one member of the board shall be a representative of the Diocese of Wheeling-Charleston and that person shall be Chair of the Board;

105. Pursuant to policies and procedures the Diocesan Sole Member to the Board Bishop Bransfield had full power and authority over the Board and other Board members, thereby giving the Diocese full power and authority over the Board and other Board members;

106. When Plaintiff was hired Monsignor Quirk was the Diocesan representative;

107. The next officially named Diocesan representative was Ginny Favede;

108. During the time period between Quirk and Favede, Archbishop Lori served as the de facto Diocesan representative;

109. One or more University Board members, both past and present, have also simultaneously served as board members of Wheeling Hospital, including, but not limited to Monsignor Quirk;

110. Wheeling Hospital has provided financial support to the University by way of direct contributions as well as indirect contributions channeled through the Diocese;

111. The Diocese of Wheeling-Charleston and Wheeling Hospital created a real estate company known as Diocesan Realty, for the sole purpose of holding and enjoying the benefits of real assets transferred by University as part of the fictitious bailout.

112. Wheeling Hospital, Diocesan Realty, Diocese of Wheeling-Charleston, individual board members both past and presents, individual administration members, both past and present, John and Jane Does, have conspired with each other and worked for the shared purpose of causing harm to Plaintiff as set forth herein;

113. As a direct and proximate result of the Defendants and other unnamed persons' participation in a civil conspiracy against the Plaintiff in an effort to conceal the true state financial state of the University in the hopes that Plaintiff would accept employment as University President.

114. Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame, embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

### **COUNT X- TORTIOUS INTERFERENCE WITH CONTRACT**

115. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 114 as if repeated verbatim herein;

116. To the extent Wheeling Hospital, Diocesan Realty, Diocese of Wheeling Charleston, individual board members both past and present, individual administration members, both past and present, John and Jane Does, did not conspire with University and Board, they tortiously interfered with Plaintiff contractual rights with University;

117. As a direct and proximate result of the actions perpetrated by the Defendants the Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame, embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

### **COUNT XI- TORT OF OUTRAGE**

118. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 117 as if repeated verbatim herein;

119. The Defendants' conduct as aforementioned was atrocious, intolerable, and so extreme and outrageous as to exceed the bounds of decency;

120. The Defendants' acted with the intent to inflict emotional distress, or acted recklessly when it was certain or substantially certain emotional distress would result from the conduct;

121. The actions of the defendants caused the plaintiff to suffer emotional distress; and,

122. The emotional distress suffered by the Plaintiff was so severe that no reasonable person could be expected to endure it.

123. As a direct and proximate result of the conduct of the Defendants the Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame,

embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

#### **COUNT XII- NEGLIGENT SUPERVISION/NEGLIGENT RETENTION**

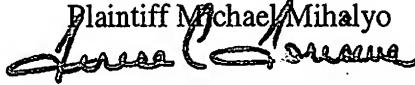
124. The Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 123 as if repeated verbatim herein;
125. Archbishop Lori had an absolute duty to report any abuse of power or negligent act of Bishop Bransfield and Monsignor Quirk to the Pope.
126. Among the duties of Bishop Bransfield and Monsignor Quirk was the proper management of University;
127. Archbishop Lori and his delegates knew or should have known that the University was failing financially under the direction of Bransfield and Quirk;
128. Despite the clear signs that Bransfield and Quirk were mismanaging funds, Archbishop Lori allowed Bransfield to continue in his role as Bishop and sole member of the University and also allowed Quirk to continue to serve as Board Chair.
129. As a direct and proximate result of the actions and inaction of the Defendants the Plaintiff did suffer significant physical, psychological, and personal injury and has suffered shame, embarrassment, lost wages, diminished earning capacity, and past and future enjoyment of life, as well as other harm and damages.

#### **CONCLUSION**

**WHEREFORE**, the Plaintiff prays for judgment against the Defendants, for compensatory damages for his special and general injuries, as hereinbefore alleged, including, but not limited to, permanent physical injuries, past and future pain, suffering, and mental anguish, past and future lost enjoyment of life, past and future humiliation, embarrassment,

indignity, and shame, economic damages, diminished earning capacity, and future lost wages, attorney fees, the costs of this action and for such other legal and equitable relief to which he may be entitled.

**Plaintiff demands a trial by jury.**

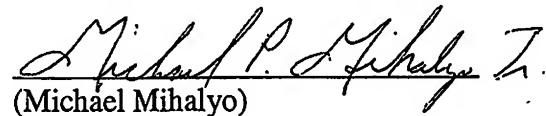
Plaintiff Michael Mihalyo  


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**VERIFICATION**

I, Michael Mihalyo, do hereby certify and swear under penalty of perjury that the factual information set forth in the foregoing complaint, is true and correct, to the best of my knowledge and belief, the undersigned certifies and verifies as aforesaid that I believe the same to be true.

  
(Michael Mihalyo)

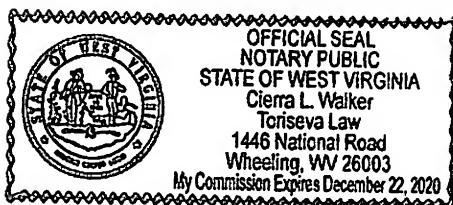
**STATE OF WEST VIRGINIA;**

**COUNTY OF OHIO, to-wit:**

I, Cierra L. Walker, a Notary Public in and for the State and County aforesaid do hereby certify that Michael Mihalyo, whose name is signed in the foregoing Verification bearing the date of the 4<sup>th</sup> day of October, 2019, has this day acknowledged the same before me in my said county.

Given under my hand this 4<sup>th</sup> day of October, 2019

My commission expires: December 22, 2020.



Cierra L. Walker  
Notary Public